



PROGRAMME FOR INTERNATIONAL  
STUDENT ASSESSMENT (PISA)  
RESULTS FROM PISA 2012 FINANCIAL LITERACY

## AUSTRALIA

**PISA's first financial literacy assessment shows to what extent 15-year-old students have the financial knowledge and skills needed to make a successful transition from school into higher education, employment or entrepreneurship.** Finance is part of everyday life for many 15-year-olds, who are already consumers of financial services, such as bank accounts. As they near the end of compulsory education, students will face complex and challenging financial choices, including whether to join the labour market or continue with formal education and, if so, how to finance such study.

**Australia performs above the average of the 13 OECD countries and economies that participated in the financial literacy assessment.** Among the 18 countries and economies that participated in the assessment, Australia ranks somewhere between 3 and 5.

**One in 10 Australian students (10.4%) performs below the baseline level of financial literacy.** At best, these students can recognise the difference between needs and wants, can make simple decisions on everyday spending, and can recognise the purpose of everyday financial documents, such as an invoice.

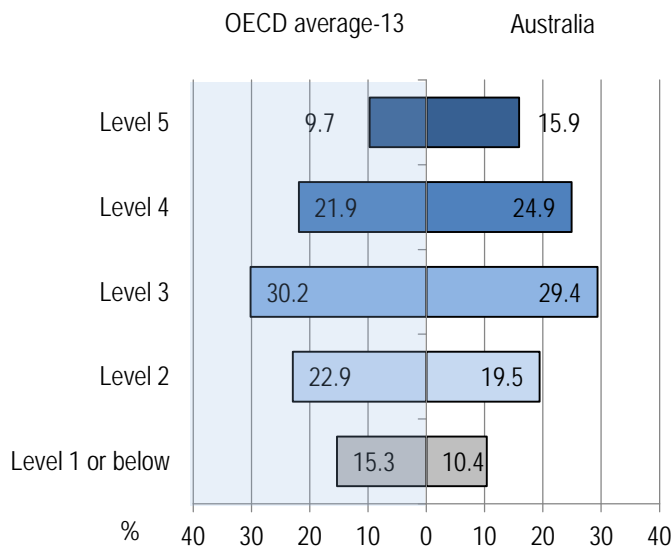
**Australia (15.9%) is one of four OECD countries and economies where more than 10% of students achieve the highest level of proficiency** in financial literacy, level 5. Top performers can look ahead to solve financial problems or make the kinds of financial decisions that will be only relevant to them in the future. They can take into account features of financial documents that are significant but unstated or not immediately evident, such as transaction costs, and can describe the potential outcomes of financial decisions.

**More than eight in ten students in Australia (81.6%) have a bank account and they perform better than those who do not; but this performance gap disappears after accounting for socio-economic status.**

**PISA 2012 defines financial literacy as** “...knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life”. For a full explanation, see the [PISA 2012 Assessment and Analytical Framework](#).

## Performance in financial literacy

Students at each level of proficiency in financial literacy



Source: Table VI.2.1

	Mean performance in financial literacy	
	Mean score	Range of ranks
Shanghai-China	603	1 - 1
Flemish Community (Belgium)	541	2 - 2
Estonia	529	3 - 4
Australia	526	3 - 5
New Zealand	520	4 - 6
Czech Republic	513	5 - 7
Poland	510	6 - 7
Latvia	501	8 - 9
United States	492	8 - 12
Russian Federation	486	9 - 14
France	486	9 - 14
Slovenia	485	9 - 14
Spain	484	10 - 15
Croatia	480	11 - 16
Israel	476	11 - 17
Slovak Republic	470	15 - 17
Italy	466	16 - 17
Colombia	379	18 - 18
OECD average-13	500	

Partner countries and economies are marked in blue.

Source: Figure VI.2.3

- Australian students score above the average of the 13 OECD countries and economies that were assessed in financial literacy in 2012. With a mean score of 526 points, Australia’s rank among all 18 participating countries and economies is estimated to lie between 3 and 5.
- Average performance in Australia is not significantly different from average performance in Estonia and New Zealand.

## Student performance in financial literacy in comparison with that in reading and mathematics

- In Australia, financial literacy is strongly correlated with mathematics and reading performance. Around 79% of the financial literacy score reflects skills that can be measured in the mathematics and/or reading assessments (compared with 75%, on average, across OECD countries and economies), while 21% of the score reflects factors that are uniquely captured by the financial literacy assessment.
- However, students in Australia perform better than might be expected in financial literacy, based on their performance in mathematics and reading. The difference between observed and expected performance in financial literacy is particularly large among students with high scores in mathematics.

### Formal financial education

- In Australia, education authorities in all jurisdictions have endorsed three iterations of the National Consumer and Financial Literacy Framework since 2005. The Framework (2011) describes essential consumer and financial capabilities and provides guidance on how consumer and financial education may be structured in compulsory education. Financial literacy topics are included in the Australian Curriculum, and teaching is supported through the Australian Securities and Investments Commission education portal: [moneysmart.gov.au/teaching](http://moneysmart.gov.au/teaching).

## How performance in financial literacy varies within Australia

Performance in financial literacy by subgroup	
	Mean score/score dif.
Boys	524
Girls	528
Difference (Boys - Girls)	-3
Non-immigrant students	527
Immigrant students	555
Difference (non-imm. - imm.)	<b>-28</b>
Strength of the relationship between socio-economic status and performance	
	Performance variation accounted for by socio-economic status (%)
Financial literacy	11.3
Mathematics	11.1
Difference (FL - M)	0.2

Statistically significant differences are marked in bold.

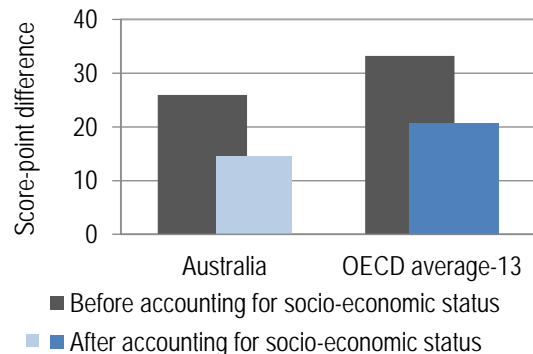
Source: Tables VI.3.1, VI.3.4, VI.3.10.

- Australian boys and girls score at the same level in financial literacy, on average, but there are more boys than girls among top and low performers.
- Some 11% of the variation in student performance in financial literacy in Australia is associated with socio-economic status, about the same as the OECD average.
- Students in Australia with at least one parent in a skilled occupation perform better in financial literacy, by 53 score points, than students whose parents have a semi-skilled or elementary occupation.
- Students in Australia with an immigrant background score 28 points above non-immigrant students; however, they score 8 points below non-immigrant students who have similar socio-economic status, language spoken at home, and mathematics and reading performance.
- Students in city schools perform significantly better than students with similar socio-economic status who attend schools in rural areas.

## Students' experience and behaviour with money, and their performance in financial literacy

- In Australia, 82% of students have a bank account and 73% earn money from work, including working outside school hours (e.g. a holiday job, part-time work), working in a family business, or performing occasional informal jobs, such as baby-sitting or gardening.
- Students in Australia who hold a bank account score 26 points higher than students who do not, but they perform at the same level after taking socio-economic status into account.
- In Australia, 75% of socio-economically disadvantaged students hold a bank account compared with 89% of advantaged students.

Score-point difference between students who hold a bank account and students who do not



Statistically significant differences (after accounting for socio-economic status) are marked in a darker colour.

Source: Table VI.4.2.

## Students' attitudes and financial literacy

- In Australia, students' performance in financial literacy is associated with their level of openness to problem solving. Students in Australia who agreed with the statement "when confronted with a problem, I give up easily" show significantly lower financial literacy than students with comparable mathematics and reading performance who disagreed with that statement.

### Legal framework for young people's access to financial products

- In all Australian states and territories, minors can enter into contracts with financial institutions, but banking institutions may apply additional requirements (which may vary, depending on the age of the young person), such as joint account ownership with a parent or guardian.

## What is PISA?

The Programme for International Student Assessment (PISA) is a triennial survey that assesses the extent to which 15-year-old students near the end of compulsory education have acquired the knowledge and skills that are essential for full participation in modern societies. The assessment does not just ascertain whether students can reproduce knowledge; it also examines how well students can extrapolate from what they have learned and apply that knowledge in unfamiliar settings, both in and outside of school.

PISA offers insights for education policy and practice, and helps monitor trends in students' acquisition of knowledge and skills across countries and in different demographic subgroups within each country. The findings allow policy makers to gauge the knowledge and skills of students in their own countries in comparison with those in other countries, set policy targets against measurable goals achieved by other education systems, and learn from policies and practices applied elsewhere.

### Key features of the PISA 2012 assessment of financial literacy

PISA 2012 is the first large-scale international study to assess the financial literacy, learned in and outside of school, of 15-year-olds nearing the end of compulsory education. Eighteen countries and economies participated in the assessment of financial literacy, including 13 **OECD countries and economies**: Australia, the Flemish Community of Belgium, the Czech Republic, Estonia, France, Israel, Italy, New Zealand, Poland, the Slovak Republic, Slovenia, Spain and the United States; and five **partner countries and economies**: Colombia, Croatia, Latvia, the Russian Federation and Shanghai-China.

### The assessment

- Financial literacy was assessed through a paper-based test lasting 60 minutes. Students assessed in financial literacy also completed a one-hour assessment of mathematics and reading.
- Test questions were a mixture of multiple-choice questions and those requiring students to construct their own responses. Sample items can be explored online at <http://www.oecd.org/pisa/test/>.
- Students who took the assessment of financial literacy also answered the PISA student questionnaire about themselves, their homes, their school and learning experiences, and their attitudes towards learning. Students also answered questions, included in the financial literacy test booklets, about their experience with money.
- School principals received a questionnaire that asked standard questions about school policies and the learning environment, and also included questions about financial education in school.

### The students

- An additional sample of students was selected in the same schools that participated in the core PISA assessment. In general, eight additional 15-year-old students were chosen at random from each participating school to take the financial literacy assessment. Around 29 000 students completed the assessment of financial literacy in 2012, representing about nine million 15-year-olds in the schools of the 18 participating countries and economies.

In Australia, 3 293 students in 768 schools completed the assessment of financial literacy.

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For more information on PISA and to access the full set of PISA 2012 results, visit: [www.oecd.org/pisa](http://www.oecd.org/pisa)

For more information on the OECD work on financial education, visit: [www.financial-education.org](http://www.financial-education.org)